S. HRG. 98-397

NOMINATION OF KATHERINE D. ORTEGA

HEARING

BEFORE THE

COMMITTEE ON FINANCE
UNITED STATES SENATE

NINETY-EIGHTH CONGRESS

FIRST SESSION

ON

NOMINATION OF

KATHERINE D. ORTEGA TO BE
TREASURER OF THE UNITED STATES

SEPTEMBER 16, 1983

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NOMINATION OF KATHERINE D. ORTEGA TO BE TREASURER OF THE UNITED STATES

FRIDAY, SEPTEMBER 16, 1983

U.S. SENATE,
COMMITTEE ON FINANCE,
Washington, D.C.

The committee met, pursuant to notice, at 9:15 a.m. in room SD-215, Dirksen Senate Office Building, the Honorable Robert Dole (chairman) presiding.

Present: Senator Dole.

Also present: Senator Domenici, Congressman Lujan, and Ms. Ortega.

[The press release announcing the hearing, Senator Dole's opening statement, and Ms. Ortega's résumé follow:]

[Press Release of September 14, 1983]

FINANCE COMMITTEE SCHEDULES HEARING ON THE NOMINATION OF KATHERINE D. ORTEGA TO BE TREASURER OF THE UNITED STATES

Senator Robert J. Dole, (R., Kans.) Chairman of the Committee on Finance, announced today that the Committee has scheduled a hearing on the nomination of Katherine D. Ortega, of New Mexico to be Treasurer of the United States.

The hearing is scheduled for Friday, September 16, 1983 beginning at 9:00 a.m. It will be held in room SD-215, Dirksen Senate Office Building.

Immediately following the hearing, the Committee will meet in executive session to consider the nomination.

STATEMENT OF SENATOR DOLE

I am pleased to welcome to the committee today Ms. Katherine D. Ortega, President Reagan's nominee to be Treasurer of the United States. For the record, the committee has not received the financial disclosure forms of Ms. Ortega, although she has reviewed potential conflicts of interest with the chief counsel. We will receive soon the material she filed with the Office of Government Ethics. We will review these materials carefully, and determine whether there are any problems in this area.

A recent commercial for the American Express Company features a former Treasurer asking, "Do you know me?"—An ironic query, because the Treasurer's signature appears on millions of pieces of U.S. currency. In view of her qualifications, I suspect Ms. Ortega's face as well as her name will become well known to all of us in the years to come.

The low-profile of Treasurers in the past perhaps resulted from the relatively narrow range of responsibilities entrusted to them. That has changed in this administration. Secretary Regan has assigned the Treasurer management responsibilities for the Bureau of the Mint, the Bureau of Printing and Engraving, and the U.S. Savings Bond Program. Thus, if confirmed, Ms. Ortega will be responsible, among other things, for producing the Nation's coins, including special coins such as for the Olympics; processing and safeguarding its bullion; supporting the management of its debt; and convincing its citizens to invest in the Nation's bonds. Over 5,000 employ-

ees will assist her in these endeavors, and she will administer budgets totalling $280 million.

Fortunately, Ms. Ortega brings excellent qualifications to this position of increased responsibility. After completing an economics and business degree in two and one-half years, Ms. Ortega commenced a distinguished career as an accountant and banker. Along the way she has been a tax supervisor with Peat, Marwick, Mitchell and Company; vice president and cashier of Pan American National Bank; president and director of Santa Ana State Bank in California; and Commissioner of the Copyright Royalty Tribunal. She was the first woman to serve as president of a bank in the State of California, a distiction that particularly qualified her for her recent service on President Reagan's Advisory Committee on Small and Minority Business Ownership.

Ms. Ortega is a native of New Mexico, and I am pleased that Senator Domenici is here this morning to introduce her to the committee. I welcome you both.

RESUME OF KATHERINE D. ORTEGA

1140 23rd Street, N.W. #506
Washington, D.C. 20037
Home: 202/466-5233
Office: 202/653-5175

EDUCATION

Eastern New Mexico University, Portales, New Mexico
B.A. Degree in Business and Economics, 1957
Graduated with honors. Completed work towards degree within two and a half years.
Licensed as California Certified Public Accountant, 1971

BUSINESS EXPERIENCE

1982 to present — Commissioner, Copyright Royalty Tribunal, Washington, D.C. The Tribunal is an independent agency in the Legislative Branch of Government. It is composed of five members appointed by the President with the advice and consent of the Senate. The Tribunal's statutory responsibilities are to make determinations concerning certain copyright royalty rates and to distribute cable television and jukebox royalties deposited with the Register of Copyrights.

1982 — Presidential Advisory Committee on Small and Minority Business Ownership. Appointed by President Reagan to this ten-member committee which held meetings throughout the country as part of a study to determine optimal participation of the private sector in the training, development and upgrading of small businesses, particularly minority businesses.

1977 to 1982 — Consultant, Otero Savings and Loan Association, Alamogordo, New Mexico. Provided managerial direction to family-controlled savings and loan association with approximately $14 million in assets. Principal executive officer and decisionmaker for family-owned real estate development.

1975 to 1977 — President and Director of Santa Ana State Bank, Santa Ana, California. Was elected to the above position in December, 1975, and became the first woman to serve as president of a bank in the State of California. Assets were $8 to $10 million. Bank was merged into Pan American Bank in 1981.

1972 to 1975 — Vice President and Cashier, Pan American National Bank, Los Angeles, California. Assets were $28 to $30 million with approximately 52 employees. Facilitated financing for the Hispanic business community in East Los Angeles, as well as consumer financing.

BUSINESS EXPERIENCE (cont.)

1969 to 1972	Tax Supervisor, Peat, Marwick, Mitchell & Co., Certified Public Accountants, Los Angeles, California. Was one of a limited number of women employed by one of the "big eight" public accounting firms. Managed accounts for a number of small businesses and prominent individuals. Supervised work of four or five staff accountants.
1968	Accountant, Valencia Water Company, Valencia, California. Improved and implemented accounting system for new utility company, a subsidiary of Newhall Land and Farming Company.
1962 to 1966	Accountant, John H. Trigg Company, independent oil operator, Roswell, New Mexico. Was responsible for preparation of payroll for approximately 100 to 150 employees, preparation of audit workpapers, intangible drilling costs and lease expenses.
1957 to 1962 1966 to 1968	Accountant, Olson and Ortega, public accounting firm, Alamogordo, New Mexico. Member of family-owned accounting practice. Was responsible for accounts of various small businesses.
MEMBERSHIPS	Executive Women in Government American Institute of Certified Public Accountants American Society of Women Accountants, Los Angeles, California, 1969-1978 California Society of Certified Public Accountants, 1971-1978 American Bankers Association, 1972-1977 National Association of Bank Women, 1972-1977 Soroptimist International, Santa Ana, California, 1976-1978 Zonta International, Los Angeles, California, 1973-1975
AWARDS	Outstanding Alumni Award, Eastern New Mexico University, 1977 Business and Professional Woman of the Year Award, Fullerton, California, 1977 California Businesswomen's Achievement Award Damas de Commercio Outstanding Woman of the Year Award, Los Angeles, California
OTHER	University of California Medical School, Irvine, Member of Admissions Committee, 1976-1977 Bi-lingual, Spanish and English Have visited China, Russia, Scandinavia, Western and Eastern Europe, Japan, Israel, Mexico, Central and South America

FAMILY HISTORY

Katherine D. Ortega is the youngest of nine children born to Donaciano (Don) Ortega and Catarina Davalos. Both parents are descendants of pioneer families who settled in New Mexico during the 1800's. In 1903 at the age of 16, Mr. Ortega was commissioned a United States Deputy Marshal. He later attended the Indian School in Santa Fe, N.M. and the Carlisle Institute in Carlisle, Pa. He served on the school board and as Justice of the Peace in Bent, N.M.

The Ortega family has been in business in New Mexico since 1928 when Mr. Ortega opened a blacksmith shop. Utilizing another trade subsequently, carpentry learned at Carlisle, he provided the community with custom made furniture and assisted with the construction of the local church.

Other family business ventures have included:

1941 to 1948. Restaurant ownership and operation - Tularosa and Alamogordo,N.M. Each family member worked in various capacities in family restaurants.

1948 to present. Retail furniture business - Alamogordo, N.M. Managed by Mr. Ortega until his retirement in 1959. Subsequently managed by his eldest son, Daniel.

1956 to 1974. Olson & Ortega, public accounting firm - Alamogordo, N.M. Owned and operated by the three certified public accountants in the family: Ethel Ortega Olson, David and Katherine. The practice was sold in 1974. David is now a CPA in Palm Springs, Ca.

1974 to present. Otero Savings & Loan Association, Alamogordo, N.M. Founded by Ethel Ortega Olson, who has served continously as the Chief Executive Officer and Chairman of the Board. Daniel Ortega, also a principal organizer serves as Secretary of the Association. The Ortega family owns the controlling interest of this financial institution. Its assets are approximately $14 million and it has been profitable since inception. It operates with six to eight employees. -

None of the above business ventures has made use of any government guaranteed loans.

POLICY STATEMENT ON WOMEN

I believe that the same principles inherent in the concept of a constitutional equal rights amendment can be successfully implemented through the legislative process, with the additional benefit of avoiding unnecessary litigation and judicial involvement.

I strongly support removing artificial barriers which would inhibit women from exercising their fullest potential as professionals in the workplace, as wives, as mothers and as elected and appointed officials.

Part of my high level of achievement in business can be attributed to the mutual assistance of women in the private sector. It would be a privilege to represent to women and men alike President Reagan's committment to advance full and equal rights for American women.

POLITICAL BIOGRAPHICAL

Katherine D. Ortega has been a registered Republican all of her life. She was raised in a strong Republican family. Her father, Donaciano (Don) Ortega served on the Otero County Republican Central Committee and the New Mexico Central Committee during the 1940's. This was at a time in New Mexico politics when Republicans were very much in the minority. Katherine has been active in the Republican party, her activities include:

1978-1982	New Mexico Republican Party. Served as Chairman of Precient One in Otero County, a member of the County Central Committee and as a delegate to the state conventions.
1968-1978	Resided in California during this time. Served as a volunteer in various local, state and federal Republican campaigns.
1962-1966	Member of the Chaves County (New Mexico) Young Republicans. Served as secretary of this organization.

The CHAIRMAN. Let me say that I'm pleased to welcome to the committee today Katherine D. Ortega, President Reagan's nominee to be Treasurer of the United States.

For the record, the committee has not yet received the financial disclosure forms of Ms. Ortega, although she has reviewed potential conflicts of interest with the Chief Counsel. I think we will receive the material in the next day or so, so it shouldn't delay the confirmation. We will review these materials carefully and determine whether there are any problems in this area.

[Letter from the Office of Government Ethics follows:]

OFFICE OF GOVERNMENT ETHICS,
Washington, D.C., September 21, 1983.

Hon. ROBERT DOLE,
Chairman, Committee on Finance, U.S. Senate,
Washington, D.C.

DEAR MR. CHAIRMAN: In accordance with the Ethics in Government Act of 1978, I enclose a copy of the financial disclosure report filed by Katherine D. Ortega, who has been nominated by President Reagan for the position of Treasurer of the United States.

We have reviewed the report and have also obtained advice from the Department of Treasury concerning any possible conflict in light of the Department's functions and the nominee's proposed duties. Based thereon, we believe that Ms. Ortega is in compliance with applicable laws and regulations governing conflicts of interets.

Sincerely,

DAVID H. MARTIN,
Director.

The CHAIRMAN. A recent commercial for the American Express Company features a former Treasurer asking, "Do you know me?"—an ironic query, because the Treasurer's signature appears on millions of pieces of U.S. currency. In view of her qualifications, I suspect Ms. Ortega's face as well as her name will become well-known to all of us in the years to come.

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Fortunately, Ms. Ortega brings excellent qualifications to this position of increased responsibility. After completing an economics and business degree in two and one-half years, Ms. Ortega commenced a distinguished career as an accountant and banker. Along the way she has been a tax supervisor with Peat, Marwick, Mitchell and Co.; vice president and cashier of Pan American National Bank; president and director of Santa Ana State Bank in California; and Commissioner of the Copyright Royalty Tribunal. She was the first woman to serve as president of a bank in the State of California, a distinction that particularly qualified her for her recent service on President Reagan's Advisory Committee on Small and Minority Business Ownership.

She is a native of New Mexico, and I am pleased to welcome Congressman Lujan and Senator Domenici.

I hope I didn't take some of your material there, Pete. [Laughter.]

Senator DOMENICI. That's all right, Mr. Chairman. Since you have to do the confirming, you are even welcome to have my whole speech.

The CHAIRMAN. I will turn it over to Senator Domenici.

Senator DOMENICI. Thank you very much, Mr. Chairman. I am very pleased to be here today, Mr. Chairman, since this is Hispanic Week nationally and New Mexico is very, very proud today because of the nominee, but in addition because we have a very distinguished Hispanic American that has served us as our Congressman for years.

With your permission, I would like the Congressman to lead off.

I think you know Congressman Lujan, Mr. Chairman.

The CHAIRMAN. Yes, very well.

STATEMENT OF HON. MANUEL LUJAN, JR., A U.S. CONGRESSMAN FROM THE STATE OF NEW MEXICO

Mr. LUJAN. Thank you very much, Mr. Chairman.

I have come to join Senator Domenici in urging to the committee the quick approval of Katherine Ortega. It has been a long time getting here.

As you look over her credentials, its seems like it's the regular path of how one trains to be the Treasurer of the United States. Her background fully qualifies her for it. She is an able person, and I am happy to be here to be able to say some kind things about her, because sometimes they need to be said. She is very deserving of them.

Thank you Mr. Chairman.

STATEMENT OF HON. PETE V. DOMENICI, A U.S. SENATOR FROM THE STATE OF NEW MEXICO

Senator DOMENICI. Mr. Chairman, it is my pleasure to be here before the Finance Committee for this important occasion. Today marks another step in the confirmation process of Katherine D. Ortega to serve as the 38th Treasurer of the United States.

We were privileged to introduce Katherine to you, Mr. Chairman, prior to these hearings in your office. We appreciate your hospitality and your enthusiasm for this nominee.

She indeed deserves the nomination and deserves confirmation.

As you indicated, she completed a college program that takes 4 years in 2½, with a business administration degree, and quickly became a CPA. The large family that she comes from indicated early that they were going to succeed by hard work and education, for she was the third CPA in her family, a family of beautiful Hispanic people. Her father was a blacksmith; they truly were the American dream. He taught them from their early beginnings. As she so vividly told us in the White House when the President announced her confirmation, she was very proud to be an American, very proud of her racial heritage, but also very proud of what her parents had taught her, that is, to work, to be patient, to be diligent, to get well educated, to be qualified, and that you would have opportunity in this country. And that has followed her.

She was the president of a bank in California. Out in our part of New Mexico, since we are a small State, we follow each of these steps with a great deal of pride. Hundreds of New Mexicans knew all about this lady as she moved up from one success to another, and I might tell you that today literally thousands of people in our State and I'm sure millions of Hispanic Americans are proud that she is here, are proud of the President and proud of this hearing, and will be extremely proud when she finally becomes Treasurer of the United States.

Some think that job is a trivial one. As you indicated, Mr. Chairman, it has been made a far more substantive job of late. There are thousands of employees directly under this position. Their operating budget is over $200 million, and they no longer are fixtures. The person who occupies this position is a very important part of our National Government, and we are so pleased that the President chose her.

We know you will find her an adequate candidate, the Senate will, and she will do a marvelous job.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Senator Domenici and Congressman Lujan.

First, I guess I might ask the nominee if you have any statement you would like to make. You are not required to make a statement, but we would be pleased to hear from you at this time.

STATEMENT OF KATHERINE D. ORTEGA, NOMINATED TO BE TREASURER OF THE UNITED STATES

Ms. ORTEGA. I do not have a prepared statement; however, I would like to thank Senator Domenici and Congressman Lujan for their kind remarks.

For the record, again, I would like to say that it is an honor and a privilege to have been nominated by President Reagan for the position of Treasurer of the United States.

The CHAIRMAN. Let me then ask some questions for the record.

I understand you have discussed possible conflict of interest with the Chief Counsel of the Committee, Mr. DeArment?

Ms. ORTEGA. Yes, we did discuss that, and we did not see any conflicts.

The CHAIRMAN. There are no conflicts that you are aware of?

Ms. ORTEGA. No conflicts.

The CHAIRMAN. And none that he is aware of, I'm certain.

Ms. ORTEGA. No, Mr. Chairman.

The CHAIRMAN. Let me just move to a few other questions, because, as Senator Domenici has pointed out, this is a very responsible position. I think maybe 20 or 30 years ago it may have been ceremonial, but I think in recent years it has become more and more important. In fact, you had a recent Treasurer from New Mexico, I think, Francine Neff. So she can probably give you a few pointers on what happens there.

Ms. ORTEGA. Yes.

The CHAIRMAN. But the fast-changing financial markets are offering investors many new options that often are more attractive than purchasing U.S. savings bonds.

Last year Congress authorized variable rates for these bonds, and I guess my question is, Do you have any further suggestions on how we might increase the competition and sales of savings bonds?

Ms. ORTEGA. Well, I understand that the introduction of the variable rate for the bonds has caused a tremendous increase in the purchase of bonds, and that they have also seen a decrease in the number of redemptions. So that in itself has been a tremendous help with the sale of the bonds. At this point I do not have any recommendation on any other programs.

The CHAIRMAN. Counterfeiters, like many others in our economy, have moved into the advanced technology age. What should the Treasurer be doing to defend the integrity of U.S. currency against increasingly sophisticated counterfeiting techniques? Again, I recognize that you haven't had an opportunity to look at everthing, but I am not trying to surprise you here, either.

Ms. ORTEGA. Well, I understand that there is a task force that is looking into this. The Secret Service and the Federal Reserve Board are working on developing methods to avoid counterfeiting.

The CHAIRMAN. I think that's correct.

I would also ask you about the $2 bill, which is sort of like the Edsel. But in recent years the Treasury invested a great deal of money in introducing the $2 bill and a new silver dollar. Both of these currencies weren't accepted very well by the public. Are you aware of or would you support any new efforts at introducing forms of currency not now in circulation? Do you have any ideas on a two and a half dollar bill or a $3 bill? [Laughter.]

Ms. ORTEGA. No, I do not. I would go along with Secretary Regan on whatever recommendation he might make on that.

The CHAIRMAN. I guess the point is that I think maybe Congress probably initiated all of this, but we didn't really know—we should

have found out through some survey or market testing whether or not they would be accepted by the public before they were issued in great quantities.

There have been other suggestions that we make certain that we avoid having a lot of people not paying taxes because they pile it up in boxes. Some have even suggested that we change the color of our currency—instead of green we should go to blue for a while, and then maybe red or pink, or whatever, I am not going to ask you about that, but that is a matter that I might say has been seriously proposed as one way for the IRS to track down many who aren't paying taxes, who will probably owe great amounts to the Treasury and the Government of the United States.

Well, I have no further questions.

Senator Domenici, do you have any further comments?

Senator DOMENICI. No, thank you, Mr. Chairman.

The CHAIRMAN. Congressman Lujan.

Mr. LUJAN. No, thank you.

The CHAIRMAN. Any concerns? [No response.]

Senator DOMENICI. I might ask, Mr. Chairman, just for purposes of the New Mexico delegation, do you have any ideas of what the program is from this point forward in terms of her confirmation?

The CHAIRMAN. We will be awaiting the official statements from the Office of Ethics in Government. We will be working to get it today, but hope to have it early next week.

We do have an executive committee meeting or markup session to deal with the budget resolution.

Senator DOMENICI. Do her first. [Laughter.]

The CHAIRMAN. All right. We may never finish the budget resolution.

So if that's received, I'm certain there will be no difficulty, and hopefully by next Wednesday or Thursday it will be completed in this committee and on the Senate floor.

I would just conclude the hearing by saying as a Republican I am very proud of this appointment. I wish there were more, and I think there will be more.

We are very proud of you, and thank you very much.

Ms. ORTEGA. Thank you, Mr. Chairman.

[Whereupon, at 9:27 a.m., the hearing was concluded.]

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